

## **Permanent Source – Chico**

### **June 12, 2008**

The Department of Housing and Community Development held the eleventh Permanent Source meeting on June 12, 2008. The meeting was held in Chico and was sponsored by Community Home Improvement Program Housing (CHIP), City of Chico, California State University at Chico, Enloe Hospital and the California Coalition for Rural Housing (CCRH).

#### ***What should the Permanent Source fund?***

- Broad spectrum of programs; focus on homeownership and FTHB for low income.
- Difficult to serve extremely low income population with homeownership; should target more rental housing.
- Increase dollars for underserved populations with services.
- Need for daycare, community centers, parks, and TOD linkages to full range of services.
- Infill grant program is good because it looks at housing holistically and improves overall neighborhood.
- TOD is good, but Chico doesn't qualify; should look at creating a program similar to TOD for smaller communities.
- Spend money on all current HCD programs.
- Should focus on programs that will reduce the overall home prices in California; until prices come down, we will always need money.
- Incentives for contractors to build affordable housing or rentals.
- Money for education to help communities understand why communities plan the way they do; for instance, design with mixed-income units.
- Encourage communities to pass inclusionary housing programs/zoning.
- Bond money should only be used for capital improvements.
- Gap in operating subsidies; increase funding for projects that serve homeless, seniors, and mentally disabled.
- Link housing and services (like Proposition 63; allows faster access to units and housing, master lease housing, money for service coordinators, acquisition/rehab component, and funding for rental subsidies).
- Should have state rental housing subsidy modeled after federal program.
- Community development and community building for foster youth and seniors.
- Mortgage subsidy program and Mortgage Credit Certification programs are good; good CalHFA models.
- Subsidy program for people (such as nurses and police officers) with higher incomes that do not qualify for the low-income programs.
- CHIP uses self-help program, rental housing program, and MHP; they serve lower-income needs.

- Sustainability is very important; SIPS is the way to go—perfect medium for self-help housing even though there is a 10% additional cost.
- SIPS – no permanent source for construction liability program. Program starts in July and is effective January 2009.
- FTHB programs have strict debt-to-income ratios; consider changing/loosening.
- Fund Housing First programs for homeless population instead of going straight to supportive housing.
- Preservation of existing affordable housing stock.
- Program funds should focus on the unserved or underserved low-income populations, specifically the mentally ill homeless population.
- Develop a new operating subsidy program for multifamily projects. In particular, for MHSA housing program.
- Infuse additional funding into existing HCD programs to cover on-site service coordinator positions.
- Transitional-Age-Youth, a hugely underserved population. This type of housing should encourage new models for supportive services linked to affordable housing.
- Assist developers with the costs of developing studio and 1-bedroom units. These units do not always cost out or require very high-density projects to cost out.
- Whenever possible, streamline the funding announcement process and provide two NOFAs in one year to help accelerate the affordable housing development timelines. One NOFA really adds unnecessary delays to project production schedules.
- Develop a state rental voucher program, both individual and project based (like Section 8 Program).
- Increase technical assistance for Article 34 compliance (relief), implementation of state prevailing wage law, and ADA laws.
- Create a funding source for a master lease program, which is a quick way to utilize existing units in a community for affordable housing.
- Increase funding for credit counseling services.
- Technical assistance and/or program to help establish local housing trust funds.

### ***How should money be distributed?***

- Entitlement Program model; larger communities in California should distribute their own money—smaller communities should be funded on a competitive basis. HCD is strong with non-entitlement money and communities.
- Housing Trust Funds to help areas that do not have capacity to distribute their own money.
- Recommend releasing several NOFAs per year (instead of just one) for more regular access to money.
- Support housing trust funds.
- Money for Technical Assistance for areas without capacity.

- Homeless and transitional housing are equally important, but are always competing against each other; need to distribute money in a way that encourages collaboration.
- Entitlement distribution model; allow local government to target housing element needs (such as homeless, supportive services, FTHB, and workforce housing).
- Give money directly to nonprofit developers—money should be tied to the housing element for local cities and COGs.
- Combination of state and local jurisdictions.
- Counties do not always have the expertise, especially smaller communities.
- Cap administrative costs, e.g., max. 7 percent.
- Assistance to local providers for capacity building.

### ***What sources should we use?***

- Tax on discretionary items; video games, water transfer sales tax, document transfer tax, fee on contractor/broker/real estate/appraisal licenses (other professions), private capital.
- Option box on income tax form for voluntary contribution.
- Encourage more commercial and industrial linkages; certain amount should be set aside for affordable housing.
- Incentives for seniors who move out of homes to assisted living housing; have the ability to donate or gift home for affordable use to offset cost of long-term assisted care.
- Change our idea of “community;” kids living with parents and seniors living with families due to economic factors.
- Take industrial and commercial properties out of Proposition 13.
- Surcharge on any house over \$1 million.
- Document transfer tax.
- Percent of program income generated from the repayment of housing loans from HCD.